

**PAYMENT IN LIEU OF TAXES AGREEMENT BETWEEN
THE TOWN OF ANTRIM AND ANTRIM WIND ENERGY LLC**

This Payment in Lieu of Taxes (PILOT) Agreement (hereafter "Agreement") is made this 27th day of June, 2013, under New Hampshire Revised Statutes Annotated (NHRSA) § 72:74, between the Town of Antrim, New Hampshire ("Town") and Antrim Wind Energy LLC ("AWE"), a Delaware limited liability company with a business address at 155 Fleet Street, Portsmouth, New Hampshire 03801.

Background

AWE seeks to develop a renewable wind-powered electric generating facility (the "Facility") using between eight and eleven multi-megawatt wind turbines to be located on and around Tuttle Hill Ridge in the northwest section of the Town of Antrim, with road access from NH Route 9. AWE expects the final installed Nameplate Capacity to be approximately 30 megawatts (MW). For the purposes of this Agreement, the term "Nameplate Capacity" shall mean the sum of all of the nameplate capacities for all wind turbine generators installed and operating at the Facility. Once the project has reached commercial operation, defined below, the parties will sign a letter amendment to this Agreement specifying the actual Nameplate Capacity of the Facility.

The Facility will be built on land leased from private landowners in the Town, identified on Town tax maps as tax parcels 212-030, 212-027, 212-034, 235-014, 236-001, 236-002 and 239-001.

Under its lease agreements with landowners, AWE will be responsible for the payment of local *ad valorem* real estate taxes on Facility structures and other

improvements under NHRSA Chapter 72 (but not for taxes on the value of the underlying land, which will continue to be the landowners' responsibility).

The Facility will be a "renewable generation facility", as defined in NHRSA §72:73 and NHRSA 374-F:3, V(f)(3). Under NHRSA §72:74, the owner of a renewable generation facility and the governing body of the municipality in which the facility is located may, after a public hearing, enter into a voluntary agreement to make payments in lieu of taxes.

AWE and the Town desire to enter into such a PILOT agreement under NHRSA §72:74.

NOW THEREFORE, the parties hereto agree as follows:

Terms and Conditions

1. Payments in Lieu of Taxes. AWE will make payments in lieu of taxes to the Town for each tax year (April 1 to March 31) during the term of this Agreement, in accordance with Sections 3, 4, and 5 below. These PILOT payments will be in lieu of any and all *ad valorem* real estate taxes otherwise payable under NHRSA Chapter 72, including all town, county, and local school district taxes.

2. Term. Mindful of RSA 72:74, VI and VII, the parties have determined that a long-term agreement providing predictability of tax revenues and expenses would be advantageous to both the Town and AWE. Accordingly, the term of this Agreement shall be 21 (twenty-one) years, beginning with a "transition tax year" described in Section 4 below and continuing thereafter for 20 additional years (the "Operating Term") as described in Section 5 below. If the Facility fails to achieve commercial operation by December 31, 2016, this Agreement shall be deemed void and of no effect. For the purposes of this Agreement, the term "commercial operation" shall be deemed to have

occurred once (a) each Wind Turbine has been commissioned and accepted by AWE in accordance with applicable commissioning and inspection procedures (b) the Facility has been interconnected to the utility electric grid, and (c) AWE has commenced the sale of energy from the Facility on a commercial (rather than test) basis to one or more purchasers. The date on which AWE commences energy sales on a commercial basis shall be deemed the "Commercial Operation Date." AWE shall give the Town written notice of said Commercial Operation Date within seven (7) days after it occurs, together with a proposed letter amendment confirming the Facility's actual Nameplate Capacity and other additional facility information more fully set forth in Section 6 (c) below.

3. Construction Period. During the Construction Period, which commences on the Construction Start Date (defined below), AWE shall make the following PILOT payments to the Town:

- (a) \$50,000 within 30 days of the start of construction;
- (b) A second \$50,000 within 30 days of the Commercial Operation Date;
- (c) If the Commercial Operation Date has not occurred within twelve (12) months of the start of construction, then AWE shall either notify the Town in writing that it will not proceed with construction of the Wind Project, or make a third \$50,000 payment if it decides to continue with construction;
- (d) If the Commercial Operation Date has not occurred within twenty-four (24) months of the start of construction, then AWE shall either notify the Town in writing that it will not proceed with construction of the Wind

Project or make a fourth \$50,000 payment if it decides to continue with construction;

(e) If the Commercial Operation Date has not occurred within thirty-six (36) months of the start of construction and AWE still plans to complete construction and operate the Wind Project, AWE and the Town will enter into good faith discussions about further interim PILOT payments during the Construction Period.

For the purposes of this Agreement, the Construction Start Date shall be the date upon which AWE has released its general contractor to commence civil construction work on the Facility. AWE shall provide notice to the Town of the Construction Start Date within seven (7) days of such date.

4. Transition Tax Year Payment. The tax year in which the Facility achieves commercial operation, the Transition Tax Year, shall be the first tax year covered by this Agreement. Recognizing that construction of the Facility may not have commenced (or that if construction has commenced that the Facility is likely to be only partially constructed) as of April 1 of said Transition Tax Year, and that AWE's revenues for said tax year may be non-existent or minimal, the PILOT payment for said Transition Tax Year will be based on the following formula, calculated as of the Commercial Operation Date:

$$(\text{Nameplate Capacity}) \times (\text{days left in Transition Tax Year}/365) \times (\text{first year PILOT rate}) \times 0.5$$

For example, if Nameplate Capacity is 30 MW and commercial operation is reached on September 1, the Transition Tax Year payment would be calculated as:

$$(30 \times (211/365) \times \$11,250) \times .5 = \$97,551$$

The Transition Tax Year Payment will be made within ninety (90) days of the Commercial Operation Date.

5. PILOT Payments for 20-Year Operating Term. Subject to possible adjustments up or down under Section 6 below, annual PILOT payments to the Town for the 20-year Operating Term shall begin at the rate of \$11,250 per megawatt of Nameplate Capacity, in the tax year that begins on April 1 following the commercial operation date. The rate for annual PILOT payments will increase by 2.5% (two and one-half percent) cumulatively in each successive year of the Operating Term. Assuming a total of 30 MW of Nameplate Capacity installed and operating (a turbine on scheduled outage for maintenance shall be considered operating) on April 1 each year during the 20-Year Operating Term and a 2015 tax year start for the Operating Term, AWE's payments to the Town in lieu of taxes during the Operating Term covered by this Section 5 would be as follows:

Tax Year Beginning April 1	Total Installed Nameplate Capacity	Cumulative 2.5% Increase/MW	Payments in lieu of Taxes
2015	30	\$11,250	\$337,500
2016	30	\$11,531	\$345,938
2017	30	\$11,820	\$354,586
2018	30	\$12,115	\$363,451
2019	30	\$12,418	\$372,537
2020	30	\$12,728	\$381,850
2021	30	\$13,047	\$391,397
2022	30	\$13,373	\$401,181
2023	30	\$13,707	\$411,211
2024	30	\$14,050	\$421,491
2025	30	\$14,401	\$432,029
2026	30	\$14,761	\$442,829
2027	30	\$15,130	\$453,900
2028	30	\$15,508	\$465,247
2029	30	\$15,896	\$476,879
2030	30	\$16,293	\$488,801
2031	30	\$16,701	\$501,021
2032	30	\$17,118	\$513,546
2033	30	\$17,546	\$526,385

2034	30	\$17,985	\$539,544
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TOTAL	\$8,621,322
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If the Facility's actual Commercial Operation Date occurs after March 31, 2015, then the schedule of annual PILOT payments during the Operating Term covered by this Section 5 will be amended to reflect that the first year of the Operating Term will be the tax year following the tax year in which commercial operation begins.

6. Adjustment of PILOT Payments.

(a) Increase in Capacity. In the event that some or all of the Facility's turbines are replaced with larger ones during the term of the Agreement in such a way as to increase the Facility's total capacity, then PILOT payments beginning in the next tax year will be adjusted upwards. For example, if three 3.2-MW turbines replace three 3.0-MW turbines, increasing the Facility's total capacity from 30 to 30.6 MW of installed and operating capacity, then the PILOT payment in the following tax year would be based on 30.6 MW rather than 30 MW.

(b) Reduction in Capacity: If the Facility's installed and operating capacity as of April 1 in any tax year is materially reduced (due to causes beyond AWE's control) from the previous tax year due to: (i) damage caused by natural forces, (ii) operational restrictions caused by a change in law, regulation, ordinance, or industry management standards, (iii) decommissioning and removal of any turbines, or (iv) the permanent cessation of the Facility's operations, then the PILOT payment will be adjusted downward based on the total actual installed and operating Nameplate Capacity after the reduction in capacity, or in the case of clause (iv) above, this Agreement will terminate.

(c) Adjustment for Taxes on Switchyard Lot. The Facility will be interconnected with the transmission grid through a 115-kV bus at a proposed Public Service of New Hampshire substation, to be located on a subdivided lot (currently owned by Michael Ott and leased by AWE with an option to purchase) on Keene Road (the "Switchyard Lot"). The interconnection facilities will be built solely to allow the delivery of electric power from the Facility to the grid, and are thus a necessary and integral part of the Facility. However, in accordance with the Large Generator Interconnection Agreement ("LGIA") between AWE and the interconnecting transmission owner (the "ITO"), AWE will convey the Switchyard Lot in fee to the ITO and will reimburse the ITO for all costs associated with the construction and maintenance of the interconnection facilities on the Switchyard Lot, including all real estate taxes. The Town will assess real estate taxes on the Switchyard Lot and the interconnection facilities installed thereon against the ITO at *ad valorem* rates under RSA 72:8. The ITO will pay the *ad valorem* taxes on the improved Switchyard Lot in the first instance, but will be reimbursed by AWE as required under the ISO New England Open Access Transmission Tariff. Because the interconnection facilities on the Switchyard Lot will be an integral part of the Facility, which would otherwise be owned by AWE and covered by the PILOT payments made by AWE in accordance with this Agreement, the annual PILOT payments set forth in Sections 4 and 5 above shall be reduced by the amount of any *ad valorem* taxes paid initially on the Switchyard Lot by the ITO and subsequently reimbursed by AWE, such that the total amount of new revenue received by the Town as a result of the construction and operation of the Facility under this Agreement will remain equal to the amounts set forth in Sections 3, 4, and 5 above. Upon request from the Town, not more than twice in any calendar year, AWE shall provide documentation demonstrating it has reimbursed the ITO for its *ad valorem* taxes in connection with the Switchyard Lot.

AWE shall provide the new tax lot information for the Switchyard Lot when it submits its proposed letter amendment to this Agreement under Section 2 above.

7. Payment of Amounts Due. Other than the Construction Period payments, which shall be made as set forth in Section 3 above, and the Transition Tax Year Payment, which shall be made as set forth in Section 4 above, AWE shall make the PILOT payments due hereunder for any given tax year in the Operating Term to the Town in two equal installments, at the Town Tax Collector's office, on July 1st and December 1st.

8. Non-Payment. Non-payment of any payment due the Town shall constitute a default. Notice of non-payment or any other default shall be provided to AWE (and to AWE's Lender, as further specified in Section 9 below), in the manner and at the address provided for Notices in Section 12 of this Agreement. AWE shall have 30 days to cure the default after receiving such notice. In the event the condition causing the default is not cured within 30 days, the Town may commence an action to collect any non-payment under RSA 80:50, seek specific performance of a non-monetary default or proceed against the real estate under RSA 80:58-80. It shall not be a defense to such a proceeding that AWE is obligated under this Agreement to make payments in lieu of taxes rather than taxes.

9. Lender's Right to Cure. The Town shall send a copy of any notice of default sent to AWE to AWE's Lender by certified mail at the same time such notice is sent to AWE, and no such notice of default to AWE shall be effective unless and until a copy of such notice has been delivered to AWE's Lender. AWE's Lender shall have the same time and rights to cure any default as AWE, and the Town shall accept a cure by AWE's Lender as if such cure had been made by AWE. AWE shall provide written notice to the Town as to the name and address of AWE's Lender for such notices to be sent.

10. Public Hearing. Prior to signing this Agreement, the Town shall hold a public hearing as required by NHRSA §72:74, I. Such hearing shall have been duly noticed by the Town as provided by law.

11. Other Taxes Not Covered. This Agreement covers only *ad valorem* real estate taxes payable under NHRSA Chapter 72. It does not include or cover other local, state, or federal taxes which may be payable on account of Facility revenues or activities, including the Land Use Change Tax, Timber Tax, State Utility Property Tax, Business Enterprise Tax, or Federal Income Tax.

12. Notices. Any notice to be provided under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by certified mail at the following addresses:

For the Town: Chairman, Antrim Board of Selectman
66 Main Street
P.O. Box 517
Antrim, NH 03440

For AWE: Antrim Wind Energy LLC
155 Fleet Street
Portsmouth, NH 03801

For AWE's Lender: (to be provided by AWE)

with a copy to: Orr and Reno, P.A.
Attn: Howard Moffett
One Eagle Square
Concord, NH 03302

In the event of a change in the address of any party listed above, the responsible signatory (AWE in the case of itself, its Lender and/or its counsel) shall give the other party prompt written notice of such change of address, which shall be effective upon receipt.

13. Miscellaneous.

(a) This Agreement shall be construed and interpreted in accordance with the laws of the State of New Hampshire. In the event any term of this Agreement or the application of any such term shall be held invalid by any court having jurisdiction, the other terms of this Agreement and their application shall not be affected thereby and shall remain in full force and effect, provided that the remaining terms continue to preserve the essential economic terms of this Agreement.

(b) The terms and provisions contained in this Agreement constitute the final Agreement between the parties with respect to this Agreement and supersede all previous communications, representations or agreements, either verbal or written. No modification or amendment to this Agreement shall be valid unless it is in writing and signed by both parties hereto.

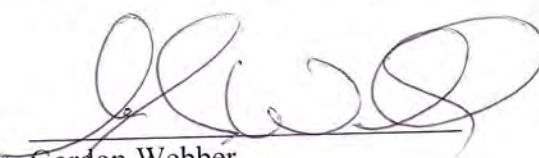
(c) AWE shall have the right, in its sole discretion, to assign this Agreement to any bona fide purchaser, transferee, or assignee, provided that said purchaser, transferee or assignee has the financial, managerial, and technical capacity to construct and operate the Facility as contemplated by the parties hereto. All covenants, agreements, terms and conditions contained in this Agreement shall apply to and be binding upon the parties, their assigns and successors. AWE shall provide written notice to the Town of any sale, transfer, or assignment not less than 30 days prior to such sale, transfer or assignment taking effect.

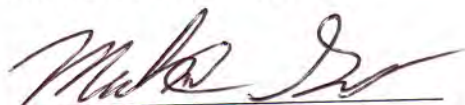
(d) Section titles or subject headings in this Agreement are provided for the purpose of reference and convenience only and are not intended to affect the meaning of the contents or scope of this Agreement.

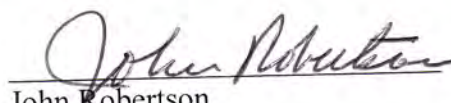
(e) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original instrument, but all of such counterparts together will constitute but one Agreement.

Dated this 27th day of June, 2013.

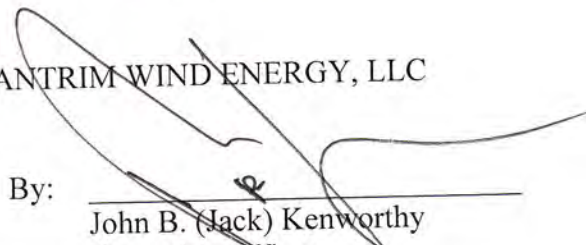
TOWN OF ANTRIM, NEW HAMPSHIRE

By: 
Gordon Webber
Chairman
Antrim Board of Selectman


Michael Genest
Selectman


John Robertson
Selectman

ANTRIM WIND ENERGY, LLC

By: 
John B. (Jack) Kenworthy
Executive Officer

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